

107TH CONGRESS  
1ST SESSION

# H. R. 97

To amend title II of the Social Security Act to allow workers who attain age 65 after 1981 and before 1992 to choose either lump sum payments over four years totalling \$5,000 or an improved benefit computation formula under a new 10-year rule governing the transition to the changes in benefit computation rules enacted in the Social Security Amendments of 1977, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 2001

Mr. HALL of Texas (for himself, Mr. CONDIT, Ms. DELAURO, Mr. BARCIA, Mr. GREEN of Wisconsin, Mr. ENGEL, Mr. HORN, Mr. WEINER, Mr. NEY, Mr. QUINN, Mr. HILLIARD, Mr. ADERHOLT, Mr. CRAMER, Ms. BERKLEY, Mr. SMITH of Washington, Mr. BALDACCI, Mr. GREEN of Texas, Mr. WEXLER, Mr. FILNER, Mr. TAYLOR of North Carolina, Mr. FROST, Mr. RILEY, Mr. LAMPSON, and Mr. RYAN of Wisconsin) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend title II of the Social Security Act to allow workers who attain age 65 after 1981 and before 1992 to choose either lump sum payments over four years totalling \$5,000 or an improved benefit computation formula under a new 10-year rule governing the transition to the changes in benefit computation rules enacted in the

Social Security Amendments of 1977, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Notch Fairness Act  
 5 of 2001”.

6 **SEC. 2. NEW GUARANTEED MINIMUM PRIMARY INSURANCE**  
 7 **AMOUNT WHERE ELIGIBILITY ARISES DUR-**  
 8 **ING TRANSITIONAL PERIOD.**

9 (a) IN GENERAL.—Section 215(a) of the Social Secu-  
 10 rity Act is amended—

11 (1) in paragraph (4)(B), by inserting “(with or  
 12 without the application of paragraph (8))” after  
 13 “would be made”, and by striking “1984” in clause  
 14 (i) and inserting “1989”; and

15 (2) by adding at the end the following:

16 “(8)(A) In the case of an individual described in  
 17 paragraph (4)(B) (subject to subparagraphs (F) and (G)  
 18 of this paragraph), the amount of the individual’s primary  
 19 insurance amount as computed or recomputed under para-  
 20 graph (1) shall be deemed equal to the sum of—

21 “(i) such amount, and

22 “(ii) the applicable transitional increase amount  
 23 (if any).

1 “(B) For purposes of subparagraph (A)(ii), the term  
 2 ‘applicable transitional increase amount’ means, in the  
 3 case of any individual, the product derived by  
 4 multiplying—

5 “(i) the excess under former law, by

6 “(ii) the applicable percentage in relation to the  
 7 year in which the individual becomes eligible for old-  
 8 age insurance benefits, as determined by the fol-  
 9 lowing table:

<b>“If the individual becomes eligible for such benefits in:</b>	<b>The applicable percentage is:</b>
1979 .....	55 percent
1980 .....	45 percent
1981 .....	35 percent
1982 .....	32 percent
1983 .....	25 percent
1984 .....	20 percent
1985 .....	16 percent
1986 .....	10 percent
1987 .....	3 percent
1988 .....	5 percent.

10 “(C) For purposes of subparagraph (B), the term ‘ex-  
 11 cess under former law’ means, in the case of any indi-  
 12 vidual, the excess of—

13 “(i) the applicable former law primary insur-  
 14 ance amount, over

15 “(ii) the amount which would be such individ-  
 16 ual’s primary insurance amount if computed or re-  
 17 computed under this section without regard to this  
 18 paragraph and paragraphs (4), (5), and (6).

1       “(D) For purposes of subparagraph (C)(i), the term  
2 ‘applicable former law primary insurance amount’ means,  
3 in the case of any individual, the amount which would be  
4 such individual’s primary insurance amount if it were—

5               “(i) computed or recomputed (pursuant to  
6 paragraph (4)(B)(i)) under section 215(a) as in ef-  
7 fect in December 1978, or

8               “(ii) computed or recomputed (pursuant to  
9 paragraph (4)(B)(ii)) as provided by subsection (d),  
10 (as applicable) and modified as provided by subparagraph  
11 (E).

12       “(E) In determining the amount which would be an  
13 individual’s primary insurance amount as provided in sub-  
14 paragraph (D)—

15               “(i) subsection (b)(4) shall not apply;

16               “(ii) section 215(b) as in effect in December  
17 1978 shall apply, except that section 215(b)(2)(C)  
18 (as then in effect) shall be deemed to provide that  
19 an individual’s ‘computation base years’ may include  
20 only calendar years in the period after 1950 (or  
21 1936 if applicable) and ending with the calendar  
22 year in which such individual attains age 61, plus  
23 the 3 calendar years after such period for which the  
24 total of such individual’s wages and self-employment  
25 income is the largest; and

1           “(iii) subdivision (I) in the last sentence of  
2       paragraph (4) shall be applied as though the words  
3       ‘without regard to any increases in that table’ in  
4       such subdivision read ‘including any increases in  
5       that table’.

6       “(F) This paragraph shall apply in the case of any  
7       individual only if such application results in a primary in-  
8       surance amount for such individual that is greater than  
9       it would be if computed or recomputed under paragraph  
10      (4)(B) without regard to this paragraph.

11       “(G)(i) This paragraph shall apply in the case of any  
12      individual subject to any timely election to receive lump  
13      sum payments under this subparagraph.

14       “(ii) A written election to receive lump sum payments  
15      under this subparagraph, in lieu of the application of this  
16      paragraph to the computation of the primary insurance  
17      amount of an individual described in paragraph (4)(B),  
18      may be filed with the Commissioner of Social Security in  
19      such form and manner as shall be prescribed in regula-  
20      tions of the Commissioner. Any such election may be filed  
21      by such individual or, in the event of such individual’s  
22      death before any such election is filed by such individual,  
23      by any other beneficiary entitled to benefits under section  
24      202 on the basis of such individual’s wages and self-em-

1 ployment income. Any such election filed after December  
2 31, 2001, shall be null and void and of no effect.

3 “(iii) Upon receipt by the Commissioner of a timely  
4 election filed by the individual described in paragraph  
5 (4)(B) in accordance with clause (ii)—

6 “(I) the Commissioner shall certify receipt of  
7 such election to the Secretary of the Treasury, and  
8 the Secretary of the Treasury, after receipt of such  
9 certification, shall pay such individual, from  
10 amounts in the Federal Old-Age and Survivors In-  
11 surance Trust Fund, a total amount equal to  
12 \$5,000, in 4 annual lump sum installments of  
13 \$1,250, the first of which shall be made during fis-  
14 cal year 2002 not later than July 1, 2002, and

15 “(II) subparagraph (A) shall not apply in deter-  
16 mining such individual’s primary insurance amount.

17 “(iv) Upon receipt by the Commissioner as of Decem-  
18 ber 31, 2001, of a timely election filed in accordance with  
19 clause (ii) by at least one beneficiary entitled to benefits  
20 on the basis of the wages and self-employment income of  
21 a deceased individual described in paragraph (4)(B), if  
22 such deceased individual has filed no timely election in ac-  
23 cordance with clause (ii)—

24 “(I) the Commissioner shall certify receipt of all  
25 such elections received as of such date to the Sec-

1       retary of the Treasury, and the Secretary of the  
 2       Treasury, after receipt of such certification, shall  
 3       pay each beneficiary filing such a timely election,  
 4       from amounts in the Federal Old-Age and Survivors  
 5       Insurance Trust Fund, a total amount equal to  
 6       \$5,000 (or, in the case of 2 or more such bene-  
 7       ficiaries, such amount distributed evenly among such  
 8       beneficiaries), in 4 equal annual lump sum install-  
 9       ments, the first of which shall be made during fiscal  
 10      year 2002 not later than July 1, 2002, and

11           “(II) solely for purposes of determining the  
 12      amount of such beneficiary’s benefits, subparagraph  
 13      (A) shall be deemed not to apply in determining the  
 14      deceased individual’s primary insurance amount.”.

15      (b) EFFECTIVE DATE AND RELATED RULES.—

16           (1) APPLICABILITY OF AMENDMENTS.—

17           (A) IN GENERAL.—Except as provided in  
 18      paragraph (2), the amendments made by this  
 19      Act shall be effective as though they had been  
 20      included or reflected in section 201 of the So-  
 21      cial Security Amendments of 1977.

22           (B) APPLICABILITY.—No monthly benefit  
 23      or primary insurance amount under title II of  
 24      the Social Security Act shall be increased by  
 25      reason of such amendments for any month be-

1 fore July 2002. The amendments made to this  
2 section shall apply with respect to benefits pay-  
3 able in months in any fiscal year after fiscal  
4 year 2002 only if the corresponding decrease in  
5 adjusted discretionary spending limits for budg-  
6 et authority and outlays under section 3 of this  
7 Act for fiscal years prior to fiscal year 2003 is  
8 extended by Federal law to such fiscal year  
9 after fiscal year 2002.

10 (2) RECOMPUTATION TO REFLECT BENEFIT IN-  
11 CREASES.—In any case in which an individual is en-  
12 titled to monthly insurance benefits under title II of  
13 the Social Security Act for June 2002, if such bene-  
14 fits are based on a primary insurance amount  
15 computed—

16 (A) under section 215 of such Act as in ef-  
17 fect (by reason of the Social Security Amend-  
18 ments of 1977) after December 1978, or

19 (B) under section 215 of such Act as in ef-  
20 fect prior to January 1979 by reason of sub-  
21 section (a)(4)(B) of such section (as amended  
22 by the Social Security Amendments of 1977),  
23 the Commissioner of Social Security (notwith-  
24 standing section 215(f)(1) of the Social Security  
25 Act) shall recompute such primary insurance



1 amount so as to take into account the amendments  
2 made by this Act.

3 **SEC. 3. OFFSET THROUGH REDUCTIONS IN DISCRE-**  
4 **TIONARY SPENDING LIMITS.**

5 Whenever the Director of the Office of Management  
6 and Budget estimates this legislation under section  
7 252(d)(2) of the Balanced Budget and Emergency Deficit  
8 Control Act of 1985, the Director shall decrease the ad-  
9 justed discretionary spending limits for budget authority  
10 and outlays for fiscal year 2002 set forth in section  
11 251(c)(6)(A) of such Act by the increase in direct spend-  
12 ing estimated to result from enactment of this legislation  
13 for that fiscal year. For purposes of section 252(b) of such  
14 Act, an amount equal to that decrease in the discretionary  
15 spending limit for outlays for such fiscal year shall be  
16 treated as direct spending legislation decreasing the deficit  
17 for that fiscal year.

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